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PAGE 01 DACCA 03391 01 OF 02 301102Z

20

ACTION IO-14

INFO OCT-01 EUR-25 EA-11 NEA-10 ADP-00 AID-20 IGA-02 EB-11

COME-00 TRSE-00 AGR-20 SR-02 ORM-03 CIAE-00 DODE-00

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PRS-01 SS-15 USIA-15 RSR-01 /188 W

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R 300919Z JUL 73

FM AMEMBASSY DACCA

TO SECSTATE WASHDC 0477

INFO AMEMBASSY CANBERRA

AMEMBASSY ISLAMABAD

AMEMBASSY MOSCOW

AMEMBASSY NEW DELHI

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USMISSION USUN NEW YORK

LIMITED OFFICIAL USE SECTION 1 OF 2 DACCA 3391/1

E.O. 11652: N/A

TAGS: EAID, US, UR, BG

SUBJECT: USSR DIVERTS WHEAT TO BANGLEDESH

REF: USUN 2664 & PREVIOUS (NOTAL)

SUMMARY: USSR-BDG AGREEMENT SIGNED JULY 27 ON DIVERSION TO BD OF 200,000 TONS WHEAT DESTINED FOR USSR,TO

BE REPLACED BY BDG BEFORE MARCH 1974. WHEAT, COMMERCIALLY PROCURED, WILL BE CANADIAN AND AUSTRALIAN IN ORIGIN, NOT AMERICAN. PUBLICITY ON SOVIET GESTURE HAS BEEN FAVORABLE, WITH LITTLE EMPHASIS ON FACT THAT DIVERSION IS SHORT-TERM LOAN RATHER THAN GIFT. PERHAPS IN PART AT INSTIGATION EMBASSY, BDG HAS GIVEN SOME BALANCING PUBLICITY TO NEW US FOOD AID.

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PAGE 02 DACCA 03391 01 OF 02 301102Z

1. EXCHANGE OF LETTERS SIGNED DACCA JULY 27 BY FOOD

SECRETARY A. M. KHAN AND ACTING TRADE REPRESENTATIVE LOGINOV FOR SOVIET FOREIGN TRADE ORGANIZATION, TO SUPPLY BANGLADESH WITH 200,000 TONS WHEAT BEFORE END SEPTEMBER. FOODGRAINS TO BE REPLACED BY BDG "BEFORE MARCH 1974."

- 2. FIRST SOVIET SHIP DUE JULY 30 CARRYING 13,360 TONS. ACCORDING TO UNROB FOOD SHIPMENT SCHEDULE JULY 24, 103,516 TONS TO BE DELIVERED AUGUST AND REMAINING 82,729 TONS IN SEPTEMBER. ARRIVAL DATA GIVEN IN FINAL PARA THIS TEL.
- 3. CONTRARY TO BE EMBASSY NOTE TO USG JULY 10 (STATE 142127) AND TO PRESS REPORTS HERE, SOVIET WHEAT NOT REPEAT NOT DIVERTED FROM COMMERCIAL PURCHASES FROM US. NO DEFINITIVE STATEMENTH: SOURCE SO FAR GIVEN OUT BE EITHER USSR OR BDG, BUT KHAN ADVISES ALL WILL BE CANADIAN IN ORIGIN EXCEPT ONE SHIPMENT FROM AUSTRALIA. SOME SHIFTING IN USSR SOURCING OF WHEAT SUGGESTED BY EARLIER REPORT FROM KHAN THAT 140,000 TONS WHEAT MIGHT BE COMING FROM BLACK SEA POSTS (*) AND BY ORIGINAL INFERENCE BY BD OFFICIALS WHEAT TO BE US-SOURCE.
- 4. KHAN SAID THAT APPEAL TO USSR FOR WHEAT DIVERSION WAS A BDG INITIATIVE BASED ON CONCERN TOTAL INFLOW FOOD AID PRIOR TO NOVERMBER AMAN HARVEST AND ALSO FEAR THAT ADEQUATE US SHIPPPING MIGHT NOT BE AVAILABLE TO BRING IN US CONTRIBUTION. SOVIET EMBASSY OFFICER HAS TOLD US INFORMALLY USSR MISSION HERE DID NOT REPEAT NOT RECOMMEND FAVORABLE MOSCOW ACTION ON BDG APPEAL. SOURCE SPOKE OF SOVIET MISSION VIEW THAT FOODGRAIN SCARCITY HERE OVERPLAYED AND THAT EXTRA IMPORTS MAY ONLY LEAD TO AMPLIFICATION FLOW OF FOODGRAINS SMUGGLED INTO INDIA. HE ALSO INDICATED THAT INTERNAL FOODGRAIN DISTRIBUTION SYSTEM IN USSR NOW OVERBURDENED, WHICH FACT MAY HAVE CONTRIBUTED TO HIS GOVERNMENT'S WILLINGNESS TO DIVERT FURTHER ARRIVALS WHEAT.
- 5. SOVIET WHEAT LOAN FIRST GIVEN PUBLIC NOTICE HERE JULY 21 IN PRESS STORY THAT (A) USSR DIVERTING 200,000 TONS US WHEAT AND (B) FOOD MINISTER PHANI MAJUMDAR LIMITED OFFICIAL USE

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PAGE 03 DACCA 03391 01 OF 02 301102Z

EXPECTED TO RECEIVE FIRST DELIVERY IN CHITTAGONG LATE JULY. NO MENTION MADE THAT WHEAT WAS TO BE REPLACED BY BDG. SUBSEQUENT PRESS STORIES, EDITORIALS AND TV INDICATED 200,000 TONS WAS GIFT AND ALSO ESTABLISHED EQUATION SOVIET MAGNANIMITY WITH USAID GRANT 20,000 TONS WHEAT (USIS PRESS SUMMARY, DACCA 3341). NO REFERENCE MADE TO EARLIER US FOOD AID OF 1,080,000 TONS FOODGRAIN AGAINST 31,000 TONS SOVIET RICE EARLY 1972 OR OF SUB-

SEQUENT PL 480 TITLE I PROGRAM UNDER NEGOTIATION FOR 80,000 TONS WHEAT.

6. ACTING ON INSTRUCTION STATE 141651 AND FOLLOWING
JULY 21 NEWS STORY, CHARGE SPOKE TO BOTH FOREIGN MINISTRY
AND PRINCIPLE SECRETARY TO PRIME MINISTER, RUHUL QUDDUS
(WHO OVERSEES FOOD PROCUREMENT ABROAD), AND RECOMMENDED
THAT US AND OTHER FOOD AID CONTRIBUTIONS BE INDICATED
AS WELL IF BDG TO CONTINUE PUBLICIZE SOVIET DIVERSION.
CHARGE ALSO INQUIRED WHETHER FOOD MINISTER'S RECEIVING
FIRST DELIVERY SOVIET WHEAT WOULD BE FOLLOWING BY SIMILAR
MINISTERIAL RECEPTION NEW DELIVERIES FOODGRAINS FROM ALL
OTHER DONORS.

UHG PRESS TREATMENT HAS BEEN ERRATIC SINCE. STORY ON NEW US CONTRIBUTION OF 280,000 TONS WHEAT APPEARED JULY 24. ACCOUNT OF SIGNING USSR-BDG EXCHANGE LETTERS REVEALED FOR FIRST TIME THAT SOVIET WHEAT WOULD BE REPLACED BY DISCLOSURE BURIED TOWARDS END OF STORY. BANGLADESH RADIO DID CALL DEAL A "LOAN" BUT REPAYMENT REQUIREMENT HAS NOT BEEN EMPHASIZED IN OTHER ACCOUNTS. FOOD MINISTER REVIEWED EXPECTED SUPPLIES FOODGRAINS FROM ABROAD IN PRESS ITEM JULY 30 AND OVERBALANCED PUBLICITY BY NO MENTIONING SOVIET DIVERSION AT ALL AND THEN GOING ON TO TREAT US "PLEDGE" OF \$60 MILLION WORTH FOODGRAINS UNDER PL 480 TITLE I FY 1974 AS CONFIRMED WHILE INDICATING THAT INITIAL TRANCHE OF 80,000 TONS (NOW BEING NEGOTIATED) HAD ALREAD BEEN DISPATCHED.

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PAGE 01 DACCA 03391 02 OF 02 301122Z

11

ACTION IO-14

INFO OCT-01 EUR-25 EA-11 NEA-10 ADP-00 AID-20 IGA-02 EB-11

COME-00 TRSE-00 AGR-20 SR-02 ORM-03 CIAE-00 DODE-00

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LIMITED OFFICIAL USE SECTION 2 OF 2 DACCA 3391/2

8. FOREIGN MINISTRY HAS ADVISED THAT FOOD MINISTER WILL NOT, REPEAT NOT RECEIVE FIRST SOVIET SHIPMENT JULY 30. INSTEAD, A JOINT SECRETARY WILL. THIS ALSO SOMETHING OF A PRECEDENT BUT AS WITH OFFICIAL PUBLICITY ON THIS MATTER, SUCH ADJUSTMENT OF LEVEL OF OFFICIAL ATTENDANCE PROBABLY BEST WE CAN HOPE FOR.

9. SHIPS EXPECTED AS FOLLOWS:

(A) ETA CHITTAGONG (B) VESSEL (C) WHEAT TO DELIVERED

JULY 30 VLADIMIR MAYAKOVSKY 13,360 TONS

AUGUST 3 HO CHI-MIN 16,670

AUGUST 5 ORASHA 13,500

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PAGE 02 DACCA 03391 02 OF 02 301122Z

AUGUST 11 VYSOTSK 11,000

AUGUST 15 KOMOVSK 11,741

END AUGUST TUMANIAN 11,000

END AUGUST UNNAMED VESSEL/S 40,000

SEPTEMBER UNNAMED VESSELS 82,729

10. SIZE AND SCHEDULING THESE ARRIVALS NOT UNUSUAL. UNROD CONTINUES CONCERNED OVER HIGH PRIORITY WHICH BDG STILL WISHES TO GIVE HANDLING OF SOVIET VESSELS, TO DISRUPTION OF SCHEDULING OTHER GRAIN SHIPS EXPECTED.

11. WOULD APPRECIATE STATUS REPORT ON USG CONSIDERATION BDG REQUEST TO ALLOW DIVERSION PL480 WHEAT TO USSR AS REPLACEMENT FOR SOVIET WHEAT TO BE DELIVERED HERE. FULLER

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